

Message Text

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14

ACTION TRSE-00

INFO OCT-01 EA-07 ISO-00 NEA-10 IO-10 H-02 L-03 PRS-01

PA-01 SP-02 AID-05 EB-07 NSC-05 CIEP-01 SS-15 STR-04

OMB-01 CEA-01 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00

USIA-06 XMB-02 OPIC-03 LAB-04 SIL-01 /102 W

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R 220415Z DEC 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 0585

INFO AMEMBASSY WELLINGTON

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E. O. 11652: ADS, DECLAS 3/22/76

TAGS: EAID, EFIN

SUBJECT: PROPOSED ADB SUPPLEMENTARY LOAN FOR POWER PROJECT
AND SUPPLEMENTARY TECHNICAL ASSISTANCE FOR HYDROPOWER
DEVELOPMENT (WESTERN SAMOA)

USADB

FOR NAC AGENCIES

REF: (A) MANILA 17157; (B) TRSY 75-227

1. AT MEETING DECEMBER 18, ADB BOARD OF DIRECTORS APPROVED
PROPOSED \$1.4 MILLION SUPPLEMENTARY LOAN AND \$14,500 SUPPLE-
MENTARY TECHNICAL ASSISTANCE GRANT TO WESTERN SAMOA.
PRESS RELEASE BEING POUCHED.

2. ON DAY PRIOR TO BOARD MEETING, U.S. DIRECTOR AND ALTERNATE
DISCUSSED TWO OPTIONS DESCRIBED IN REFTEL B WITH ADB VICE
PRESIDENT. JUST PRIOR TO THE BOARD MEETING, BANK STAFF
INFORMED USADB THAT GOVT. HAD AGREED TO A 20 PERCENT OR
MORE RATE INCREASE AFTER LOAN DOCUMENTS WERE IN PROCESS
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OF PUBLICATION AND INFORMATION WAS INSERTED ONLY IN

FOOTNOTE ON PAGE 30 OF APPRAISAL REPORT. AT BOARD MEETING, BANK STAFF REPORTED THAT WESTERN SAMOAN GOVT. WILL INCREASE TARIFFS BY 20 PERCENT OR MORE, IF NECESSARY, INSTEAD OF 10 PERCENT AS INDICATED IN LOAN DOCUMENTS BY APRIL 1976 TO ENSURE FINANCIAL VIABILITY OF ELECTRIC POWER CORPORATION (EPC), THE EXECUTING AGENCY. BANK STAFF EXPLAINED THAT LOAN PROVISIONS, CONCLUSIONS AND RECOMMENDATIONS WERE PUBLISHED ON THE BASIS OF A 10 PERCENT RATE INCREASE BY APRIL 1976 BECAUSE THE GOVT FELT IT COULD NOT INCREASE TARIFFS ANY FURTHER THAN THE TOTAL INCREASE OF 67 PERCENT SINCE EARLY 1974. ADB STAFF HAD URGED THE GOVT. DURING LENGTHY NEGOTIATIONS TO CONSIDER FURTHER RATE CHANGES AS A METHOD OF ACHIEVING FINANCIAL VIABILITY OF THE POWER COMPANY. AFTER LOAN DOCUMENTS HAD BEEN COMPLETED, THE WESTERN SAMOAN GOVT. RECONSIDERED AND NOTIFIED ADB ON NOVEMBER 22 OF DECISION TO INCREASE THE RATE BY 20 PERCENT OR MORE TO MAINTAIN FINANCIAL VIABILITY. BANK STAFF INSERTED THE NEW RATE AGREEMENT IN THE FOOTNOTE BUT DID NOT REVISE OTHER PARTS OF THE LOAN DOCUMENT. U.S. DIRECTOR, IN SUPPORTING LOAN AND TECHNICAL ASSISTANCE GRANT, COMPLIMENTED SUCCESSFUL BANK EFFORTS AND GOVT. DETERMINATION IN TAKING ADDITIONAL STEPS TO ACHIEVE FINANCIAL VIABILITY OF PROJECT.

3. U.S. DIRECTOR THEN REQUESTED BANK IN FUTURE TO PROVIDE MORE INFORMATION OF EFFORTS MADE BY GOVTS. TO SEEK FUNDS FROM OTHER SOURCES. ADB VICE PRESIDENT SAID THAT ALTHOUGH IT WOULD BE SENSITIVE MATTER TO LIST SOURCES THAT REJECTED GOVT. REQUESTS FOR RESOURCES, BANK WOULD PROVIDE MORE INFORMATION. ADB PRESIDENT POINTED OUT THAT THERE WERE CASES WHERE BANK HAD ASSISTED GOVTS. IN OBTAINING FUNDS FROM OTHER SOURCES.

4. INDONESIAN AND PAKISTANI DIRECTORS SPECIFICALLY COMMENTED THAT THEY WELCOMED QUOTE A CHANGE UNQUOTE IN U.S. POLICY. U.S. DIRECTOR SUBSEQUENTLY REPLIED THAT THERE WAS NO CHANGE IN POLICY BECAUSE U.S. OBJECTIVE IS TO SUPPORT SPECIFIC INSTANCES LIMITED OFFICIAL USE

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WHERE GOVT. DEMONSTRATES WILLINGNESS TO TAKE DIFFICULT BUT NECESSARY MEASURES.
SULLIVAN

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Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
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Concepts: TECHNICAL ASSISTANCE, LOANS, HYDROELECTRIC POWER PLANTS
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Copy: SINGLE
Draft Date: 22 DEC 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750443-0795
From: MANILA
Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1975/newtext/t19751219/aaaaaqpd.tel
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Original Handling Restrictions: n/a
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Margaret P. Grafeld
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